

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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FM AMEMBASSY KABUL

TO SECSTATE WASHDC 7163

INFO USDOC WASHDC

AMEMBASSY TEHRAN

USINT BAGHDAD

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E.O. 11652: NA

TAGS: ETRD, EFIN, AF

SUBJ: AFGHANISTAN LAUNCHES NEW EXPORT PROMOTION BANK

1. THE GOVERNMENT OF AFGHANISTAN (GOA) GAVE FINAL APPROVAL LAST WEEK TO CHARTER FOR NEW EXPORT PROMOTION BANK. NEW FACILITY WILL CONCENTRATE ON INCREASING AFGHAN EXPORTS OF HANDICRAFTS AND PRIMARY AGRICULTURAL PRODUCTS, BUT WILL ALSO HANDLE IMPORT FINANCING (SCOPE OF LATTER ACTIVITY YET TO BE FULLY DEFINED). MINOR AMENDMENTS TO CHARTER SUGGESTED BY VISITING UNCTAD ADVISOR, ALFONSO ENOSTROZA (FORMER GOVERNOR OF CHILEAN STATE BANK) ARE EXPECTED TO BE APPROVED BY CABINET ON APRIL 17, AND FINAL GREEN LIGHT GIVEN TO START UP OPERATIONS.

2. BANK WILL HAVE INITIAL CAPITALIZATION OF AFS 100 MILLION (\$1.8 MILLION AT AFS 55 TO ONE DOLLAR), FROM FOLLOWING SOURCES: GOVERNMENT EMPLOYEES PENSION FUND (AFS 80 MILLION), CARPET GUILD (AFS 3.3 MILLION), KARAKUL INSTITUTE (AFS 3.3 MILLION), RAISIN BOARD (AFS 3.4 MILLION) AND CHAMBER OF COMMERCE AND INDUSTRY (AFS 10 MILLION), WORKING CAPITAL WILL BE SUPPLIED

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BY A \$10 MILLION LOW-INTEREST LOAN FROM IRAN (15 YEARS AT

3.3 PERCENT, ONE YEAR GRACE), AND \$5 MILLION FROM IRAQ, WHICH THE GOA HOPES WILL BE AN OUTRIGHT GRANT.

3. PRESIDENT OF NEW FACILITY IS DR ZABULLAH ELTAZAM, FORMERLY MEMBER OF STANDING SECRETARIAT OF THE HIGH ECONOMIC COUNCIL, AND A MEMBER OF THE FACULTY OF ECONOMICS AT KABUL UNIVERSITY. HE IS CURRENTLY ASSEMBLING SMALL STAFF AND EXPECTS TO HAVE SUPPORT OF UNCTAD ADVISOR SHORTLY (GOA HOPES ENOSTROZA WILL ACCEPT UNCTAD APPOINTMENT TO THE JOB DUE TO EXTREMELY FAVORABLE IMPRESSION HE MADE ON OFFICIALS HERE WHILE HELPING TO WRITE THE CHARTER).

4. COMMENT: THE NEW EXPORT BANK HAS BEEN DESIGNED TO AVOID COMPETITION WITH LOCAL BANKS HANDLING COMMERCIAL TRANSACTIONS AND WILL CONCENTRATE ON EXPORTS (NOTED IN PARA ONE ABOVE) FOR WHICH COMMERCIAL FINANCING IN THE PAST HAS PROVED DIFFICULT, IF NOT IMPOSSIBLE, TO ARRANGE. FROM THE STANDPOINT OF ECONOMIC DEVELOPMENT, IT SHOULD BE A USEFUL STIMULUS TO ORDERLY DEVELOPMENT IN THE AGRICULTURAL SECTOR WHICH, FOR THE FORESEEABLE FUTURE, WILL CONTINUE TO BE AFGHANISTAN'S CHIEF SOURCE OF FOREIGN EXCHANGE EARNINGS.

5. DECLASSIFY DEC 31, 1976
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